

AMENDED IN SENATE MARCH 19, 2002

SENATE BILL

No. 1245

Introduced by Senator Alarcon

January 7, 2002

An act to amend Sections 4003 and 4004 of the Unemployment Insurance Code, relating to unemployment insurance, ~~making an appropriation therefor, and declaring the urgency thereof, to take effect immediately~~ *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1245, as amended, Alarcon. Unemployment insurance: extended benefits.

Existing law provides for extended unemployment compensation benefits for certain individuals during prolonged periods of cyclical and technological unemployment in the state, but specifies that no payment of benefits shall be made to any individual for any week or part of any week with respect to which the individual is entitled to receive unemployment compensation benefits as a result of participation by this state pursuant to the provisions of any federal law providing for the payment of these benefits, as specified.

This bill would revise certain provisions with respect to the calculation of rates of insured unemployment during prolonged periods of cyclical and technological unemployment.

Existing law requires the Employment Development Department to establish, for each eligible individual who files an application for extended unemployment compensation benefits, an extended compensation account with respect to the individual's benefit year, as provided, that shall not be less than a specified amount.

This bill would revise certain provisions with respect to the amount required to be established in an individual's extended compensation account.

Because this bill would increase the amount of unemployment compensation paid, it would increase the amount payable from the Unemployment Fund, a continuously appropriated special fund, and thereby would make an appropriation.

This bill would also require the Employment Development Department to conduct a study of the state's Unemployment Trust Fund, as prescribed, and to submit the results of the study to the Legislature on or before December 31, ~~2002~~ 2003.

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: ~~2~~₃ majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 4003 of the Unemployment Insurance
- 2 Code is amended to read:
- 3 4003. (a) The provisions and definitions of terms in the
- 4 "Federal-State Extended Unemployment Compensation Act of
- 5 1970," as amended by the federal Omnibus Budget Reconciliation
- 6 Act of 1981 (Public Law 97-35), apply to this part. "Federal-state
- 7 extended benefits" means benefits payable under this part.
- 8 (b) There is an "on" indicator for purposes of federal-state
- 9 extended benefits for a week in which the rate of insured
- 10 unemployment for that week and the immediately preceding 12
- 11 weeks equals or exceeds either of the following:
- 12 (1) One hundred twenty percent of the average of the rates for
- 13 the corresponding 13-week period ending in each of the preceding
- 14 two calendar years, and equals or exceeds 5 percent.
- 15 (2) Six percent.
- 16 (3) The average rate of the total seasonally adjusted
- 17 unemployment in the state as determined by the United States
- 18 Secretary of Labor, for the period consisting of the most recent
- 19 three months for which data for all states is published before the
- 20 close of that week, equals or exceeds 6.5 percent, and equals or
- 21 exceeds 110 percent of the average for either or both of the



1 corresponding three-month periods ending in the two preceding
2 calendar years.

3 (c) There is an “off” indicator for a week only if, for the period
4 consisting of that week and the immediately preceding 12 weeks,
5 none of the conditions specified in subdivision (b) result in an
6 “on” indicator.

7 (d) For purposes of this section, the rate of insured
8 unemployment for a 13-week period shall be determined by
9 reference to the average monthly covered employment for the first
10 four of the most recent six calendar quarters ending before the
11 close of the period. This section shall be effective with respect to
12 compensation for weeks of unemployment after September 25,
13 1982. The provisions of this section in effect prior to that date shall
14 continue to apply to weeks after March 30, 1977, but prior to
15 September 25, 1982.

16 (e) The indicators specified in subdivisions (b) and (c) shall be
17 operative only if mandated or permitted by federal law. Any
18 amendments to the Federal-State Extended Unemployment
19 Compensation Act of 1970, enacted before January 1, 1983, that
20 mandate or permit any reduction in the insured unemployment rate
21 indicator described in this section shall be operative on the
22 effective date of the amendment.

23 (f) Notwithstanding any other provision of this part, the
24 Governor may, if permitted by federal law, suspend the payment
25 of extended duration benefits under this part to the extent
26 necessary to ensure that otherwise eligible individuals are not
27 denied, in whole or in part, the receipt of emergency
28 unemployment compensation benefits authorized by the federal
29 Emergency Unemployment Compensation Act of 1991 (P.L.
30 102-164) or any extension of that act including, but not limited to,
31 Public Law 102-244 or any other federally funded extended
32 unemployment benefits act, and that the state receives maximum
33 reimbursement from the federal government for the payment of
34 those emergency or extended benefits.

35 SEC. 2. Section 4004 of the Unemployment Insurance Code
36 is amended to read:

37 4004. (a) The department shall establish, for each eligible
38 individual who files an application therefor, an extended
39 compensation account with respect to ~~such~~ that individual's
40 benefit year. The amount established in ~~such~~ that account, subject

1 to subdivision (b) of this section, shall be not less than whichever
2 of the following is the least:

3 (1) Fifty percent of the total amount of regular compensation
4 payable to ~~him during such~~ *that individual during the* benefit year
5 under this division.

6 (2) Thirteen times ~~his~~ *that individual's* average weekly benefit
7 amount.

8 (3) Thirty-nine times ~~his~~ *that individual's* average weekly
9 benefit amount, reduced by the regular compensation paid to ~~him~~
10 ~~during such~~ *that individual during the* benefit year under this
11 division.

12 (b) In any week beginning in a high unemployment period, the
13 amount established in an extended compensation account,
14 pursuant to subdivision (a), shall not be less than the lesser of the
15 following:

16 (1) Eighty percent of the total amount of the regular
17 compensation payable to the individual during the benefit year
18 under this subdivision.

19 (2) Twenty times the individual's weekly benefit amount.

20 (3) Forty-six times the individual's weekly benefit amount,
21 reduced by the regular compensation paid to the individual during
22 the benefit year under this division.

23 For purposes of this subdivision, a "high unemployment
24 period" means any period during which an extended benefit
25 period would be in effect if the average rate of total
26 unemployment, as determined by the United States Secretary of
27 Labor, for the period consisting of the most recent three months for
28 which data for all states is published before the close of that week,
29 equals or exceeds 8 percent, and the rate equals or exceeds 110
30 percent of the average for either or both of the corresponding
31 three-month periods ending in the two preceding calendar years.

32 (c) The amount determined under subdivision (a) of this
33 section shall be reduced by the aggregate amount of additional
34 compensation paid to the individual under Part 3 (commencing
35 with Section 3501) of this division for prior weeks of
36 unemployment in ~~such~~ *a* benefit year that did not begin in an
37 extended benefit period.

38 (d) For purposes of subdivision (a) of this section, an
39 individual's weekly benefit amount for a week is the amount of
40 regular compensation under Part 1 (commencing with Section

1 100) of this division payable to ~~such individual for such~~ *that*
2 *individual for that* week of total unemployment.

3 SEC. 3. (a) The Employment Development Department
4 shall conduct a study of the state's Unemployment Trust Fund to:

5 (1) Evaluate the merits of both pay-as-you-go and
6 counter-cyclical funding methods.

7 (2) Make recommendations on changes to the California
8 unemployment insurance tax structure in order to maintain the
9 solvency of the Unemployment Trust Fund.

10 (b) The results of the study described in subdivision (a) shall be
11 transmitted to the Legislature on or before December 31, 2002
12 2003.

13 ~~SEC. 4. This act is an urgency statute necessary for the~~
14 ~~immediate preservation of the public peace, health, or safety~~
15 ~~within the meaning of Article IV of the Constitution and shall go~~
16 ~~into immediate effect. The facts constituting the necessity are:~~

17 ~~In order that economic relief may be provided as soon as~~
18 ~~possible to California residents who lost their jobs and who may~~
19 ~~encounter extended periods of unemployment as a result of the~~
20 ~~economic downturn that occurred following the terrorist attacks in~~
21 ~~America, it is necessary that this act take immediate effect.~~

